

BAY AREA  
AIR QUALITY



TRANSPORTATION  
FUND FOR  
CLEAN AIR

**2005**

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# **T**ransportation **F**und for **C**lean **A**ir --- ---

## **Regional Fund Application Guidance**

**Bay Area Air Quality Management District  
939 Ellis Street, San Francisco, CA 94109  
April 2005**

# **TABLE OF CONTENTS**

## **SUMMARY OF FY 2005/06 CHANGES**

## **REMINDER CHECKLIST**

I.	REGIONAL FUND SUMMARY .....	1
II.	EVALUATION CRITERIA AND SCORING .....	5
III.	GUIDELINES FOR SPECIFIC PROJECT TYPES .....	8
	Shuttle/Feeder Bus. ....	8
	Ridesharing, Rail-Bus Integration, and Transit Information .....	9
	Bicycle Facility Improvements .....	9
	Clean Air Vehicles .....	10
	Repowers for Existing Engines .....	12
	Retrofits for Existing Engines .....	12
	Smart Growth / Traffic Calming .....	13
	Arterial Management.....	14
IV.	APPLICATION INSTRUCTIONS .....	15
V.	BAAQMD PROGRAMS TO REDUCE MOTOR VEHICLE EMISSIONS ..	18
APPENDIX A:	POLICIES FOR FY 2005/06 .....	19
APPENDIX B:	OTHER PROJECT ATTRIBUTES CRITERIA .....	29
APPENDIX C:	GUIDELINES FOR ELIGIBLE TFCA COSTS .....	31

## SUMMARY OF FISCAL YEAR 2005/06 CHANGES

**Application Deadline:** All fiscal year (FY) 2005/06 TFCA Regional Fund applications must be received by the Air District by **4:00 pm on Thursday, June 30, 2005.**

**Revised TFCA Policies:** TFCA policies for FY 2005/06 are presented in Appendix A. The policies have been revised and renumbered. Most changes were minor revisions to better clarify existing policies. Significant policy changes are outlined below:

**Policy # 7 Matching Funds:** This policy has been amended by increasing the trigger for matching funds to requests of more than \$150,000, and by lowering the matching fund percent contribution to 10% or more of the total project cost.

**Policy # 11 Maximum Amount:** This policy increases the maximum of TFCA Regional Funds that can be awarded to a single project in a fiscal year from \$1 million to \$1.5 million.

**Policy # 22 Administrative Costs:** This policy requires that, for a project sponsor to be eligible for reimbursement of administrative costs, these costs must be clearly identified in the Regional Fund project budget, both in the TFCA application and in the project funding agreement.

**Policy # 26 Clean Air Vehicle Infrastructure:** This policy has been modified to allow for funding of infrastructure projects for fuel cell vehicles. Funding for electric vehicles infrastructure has been discontinued.

**Policy # 32:** This policy eliminates the 20% cap on funding for all heavy-duty diesel projects in a fiscal year.

**Note:** The methodology used to estimate the lifetime emission reductions has been revised to include a weighted particulate matter (PM<sub>10</sub>) component.

**Guidelines for Eligible TFCA Costs:** Guidelines that explain eligible TFCA reimbursable costs, including administrative costs and indirect costs, are provided in Appendix C. The guidelines have been revised to provide greater clarity.

## REMINDER CHECKLIST

- ☐ Read through this Application Guidance booklet, including the evaluation criteria in Section II and the TFCA policies in Appendix A.
- ☐ Attend the TFCA application workshop at **9:30 am on Tuesday, May 17, 2005 at the Air District**. The workshop is especially recommended for new applicants. Attendance at the workshop is not required to apply for funds. Directions to the Air District are available on our website at: [www.baaqmd.gov/dst/directions/index.asp](http://www.baaqmd.gov/dst/directions/index.asp).
- ☐ Applicants are strongly encouraged to discuss their project with Air District staff prior to submitting an application (see page 4 for staff contact list).
- ☐ Only public agencies may apply for TFCA grants. If requesting funds on behalf of a non-public agency, the public agency must provide a copy of the agreement that commits the non-public agency to implementation of the project.
- ☐ Application must include:
  - Application form (Parts 1-7), plus the applicable Supplementary Project Information Sheet(s) (Parts 8-15) for your project type.
  - An Authorizing Resolution from your Governing Board approving the submittal of your application, and identifying the individual authorized to submit and carry out the proposal. See Policy #8 in Appendix A. The Air District will provide a sample resolution upon request. You may request this by sending e-mail to [grants@baaqmd.gov](mailto:grants@baaqmd.gov) or via the TFCA document request line at (415) 749-4994.
  - Documentation for all matching funds that will be applied to the project.  
Note: Applications requesting more than \$150,000 in TFCA Regional Funds must provide matching funds (secured and approved) from non-TFCA sources that equal or exceed 10% of the total project cost.
- ☐ **Separate** applications for clean air vehicle projects must be filed for:
  - Each fuel type (i.e., electric vehicles must be separate from natural gas vehicles);
  - Each of the following categories of vehicles: 1) transit buses; 2) shuttle buses; 3) school buses; 4) heavy-duty vehicles (other than buses); and 5) other vehicle types (e.g., parking enforcement vehicles, small utility vehicles, etc.). For example, a project sponsor seeking funding for a medium-duty electric vehicle, a medium-duty shuttle, and a heavy-duty natural gas vehicle will need to submit three separate applications.
- ☐ Applications for ridesharing, shuttle and feeder bus service, transit information, smart growth and traffic calming projects must include an estimate of the number of vehicle trips that will be reduced by the project, and provide supporting information and data to justify the estimate (see Part 8 of the application form). The applicant should provide data based upon a survey, focus groups, or other data sources to document potential user demand, pre-project mode of travel, average length of vehicle trip, etc.
- ☐ Arterial management and signal timing projects require that the data for traffic volume and average vehicle speed (see Part 10 of the application form) be generated concurrently (i.e., during the exact same day and time period).

## **I. REGIONAL FUND SUMMARY**

### **Transportation Fund for Clean Air**

This document describes the Transportation Fund for Clean Air (TFCA) program's Regional Fund and explains how to apply in the FY 2005/06 funding cycle. The Bay Area Air Quality Management District (Air District), in conjunction with the Department of Motor Vehicles (DMV), collects a \$4.00 surcharge on motor vehicle registrations paid within the Air District's jurisdiction. The surcharge provides funding for the Air District's Transportation Fund for Clean Air. TFCA funds are distributed to public agencies to implement projects to reduce air pollution from motor vehicles in accordance with the requirements of State law and the Air District's *Bay Area 2000 Clean Air Plan (CAP)* and the *2001 Ozone Attainment Plan*.

The statutory authority for the TFCA, the eligible types of projects, and the requirements that govern administration of the program are set forth in California Health and Safety Code Sections 44241 and 44242.

The Air District's objectives for the TFCA are to fund the most cost-effective projects that reduce motor vehicle emissions, and to support implementation of the transportation control measures (TCMs) and mobile source measures in the *CAP* and the *Ozone Attainment Plan*.

### **Allocation of TFCA Funds**

All TFCA funds are distributed by the Air District through two processes. Forty percent (40%) of the funds generated in each county is returned to a designated Program Manager at the Congestion Management Agency within each county (e.g., 40% of the funds generated in Marin County are returned to fund eligible projects within Marin County). Each fiscal year, each Program Manager submits an expenditure program of recommended projects for its 40% share of the TFCA funds to the Air District for approval.

The remaining sixty percent (60%) of the revenues is allocated directly by the Air District. These funds are first used to fund certain Air District programs, such as the Smoking Vehicle program and the Vehicle Buy Back program. The remaining funds, called the Regional Fund, are distributed to public agencies through a competitive grant application process, as described in this document.

### **Schedule for FY 2005/06 TFCA Regional Fund Cycle**

Tuesday, May 17, 2005	Workshop for project applicants at 9:30 am
<b>Thursday, June 30, 2005</b>	<b>Deadline to submit Regional Fund applications</b>
September 2005	Proposed grants reviewed by Air District's Mobile Source Committee (tentative)
October 2005	Funding allocations approved by Air District Board of Directors (tentative)

## Who Can Apply

Any public agency sponsoring an eligible project within the jurisdiction of the Air District is eligible to apply for TFCA Regional Fund grants. The Air District encompasses all of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara counties, and the southern parts of Solano and Sonoma counties. Eligible public agencies include cities, counties, transit districts, school districts, and other special purpose agencies.

Non-profit organizations and private companies cannot apply directly for TFCA grants, but may join with a public agency to sponsor and implement an eligible project.

## Eligible Project Types

The following project types are eligible for funding under the Regional Fund:

- Implementation of low-emission and zero-emission vehicle projects.<sup>1</sup>
- Implementation of ridesharing programs.<sup>2</sup>
- The purchase or lease of clean fuel buses for school districts and transit operators.
- The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.
- Implementation and maintenance of local arterial traffic management, including, but not limited to, signal timing, transit signal prioritization, bus stop relocation and "smart streets."
- Implementation of rail-bus integration and regional transit information systems.
- Demonstration projects in telecommuting and in congestion pricing of highways, bridges, and public transit. No funds expended pursuant to this paragraph for telecommuting projects shall be used for the purchase of personal computing equipment for an individual's home use.
- Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program.
- The design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions. The projects and the physical improvements shall be identified in an approved area-specific plan, redevelopment plan, general plan, traffic calming plan, or other similar plan (e.g., bicycle plan or pedestrian plan). Note: they are included in what is usually referred to as the "smart growth" project type.

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<sup>1</sup> Low-emission, alternative fuel vehicles with a gross vehicle weight (GVW) greater than 10,000 lbs. are eligible to apply for incentives via the TFCA Regional Fund and TFCA Program Manager Fund. Low-emission, alternative fuel vehicles with a GVW of 10,000 pounds or less are eligible for incentives via the TFCA Program Manager Fund or the District's Vehicle Incentive Program (VIP). See page 18 for additional information on these TFCA-funded programs.

<sup>2</sup> For purposes of TFCA Regional Fund applications, "ridesharing" means carpooling, vanpooling, or transit.

## Available Funds

Approximately \$10 million will be available for distribution via the competitive Regional Fund in FY 2005/06. The minimum Regional Fund grant for a single project is \$10,000 and the maximum grant is \$1.5 million.

## Funding Agreements

Sponsor agencies will be notified by mail after projects are approved for funding by the Air District Board of Directors. Air District staff will prepare project funding agreements that set forth the terms, conditions, and monitoring and reporting requirements of each TFCA grant. The Air District will not execute a funding agreement for an approved TFCA grant until all project funding has been approved and secured.

## How Grant Recipients Will Receive Funds

The payment schedule will be established in the funding agreement for each project. No funds will be released until the funding agreement has been signed by the project sponsor and the Air District. In general, payment will be made on a reimbursement basis, after project costs are incurred and documented.

## Eligible Project Costs

Appendix C provides additional guidance explaining eligible TFCA project costs. Please note that all project costs, including administrative costs and indirect costs, must be identified in the original project application and must be included in the project budget in the TFCA Funding Agreement in order to be eligible for reimbursement.

Project sponsors may only incur project costs as of the date of approval by the Air District Board of Directors. The Air District will not fund any portion of an applicant's cost of preparing and submitting an application. Any agency receiving funds must expend the funds within two years of the effective date of the Funding Agreement, unless a longer period is approved in advance by the Air District. **Administrative costs are limited by law to a maximum of five percent (5%) of total TFCA funds expended on a project.**

## Monitoring and Reporting Requirements

Project sponsors are required to submit periodic progress reports (generally on a quarterly basis) as specified in individual funding agreements. The Air District will send an overdue report notification to project sponsors if a report is not received by the due date. Receipt of three overdue report notifications over the project life might result in a one-year suspension of the project sponsor to apply for Regional Funds. In addition, a delay in receiving reports from the project sponsor may result in project funds being withheld until the appropriate report is submitted to the Air District.

All project sponsors must submit a final report to fulfill monitoring requirements specified in the project funding agreement. The monitoring data is required to document the emission reductions achieved by each project. The Air District will withhold a portion of the TFCA grant funds (typically 15%), pending receipt and acceptance of the final report.

## Audits

Each project that receives TFCA funds will be subject to a fiscal audit after the project is completed and may be subject to a performance audit. The Air District will select an independent auditor to conduct the fiscal audit. Air District staff will conduct the performance audit to verify that the project has been implemented as approved. During the performance audit, the project is evaluated for compliance with monitoring requirements set forth in the funding agreement and to determine its effectiveness in reducing emissions from motor vehicles. A consultant may assist District staff with the performance audits.

## Air District Staff Contacts

Applicants are strongly encouraged to discuss their applications with Air District staff prior to submittal. Air District staff can provide assistance in preparing project applications, and in identifying necessary data to evaluate the potential emission reductions for the project.

Please direct your questions to the Air District contact for your type of project:

### Project Type

Bicycle Facility Improvements  
Heavy-duty Vehicles  
(including repowers & retrofits)  
New Bus Purchases

### Air District Contact

Joseph Steinberger  
(415) 749-5018  
[jsteinberger@baaqmd.gov](mailto:jsteinberger@baaqmd.gov)

Shuttles & Feeder Bus Services  
Rideshare Programs  
Rail-Bus Integration  
Regional Transit Information

Andrea Gordon  
(415) 749-4940  
[agordon@baaqmd.gov](mailto:agordon@baaqmd.gov)

Arterial Management Projects  
Smart Growth & Traffic Calming Projects  
Congestion Pricing  
Telecommuting

Karen Chi  
(415) 749-5121  
[kchi@baaqmd.gov](mailto:kchi@baaqmd.gov)



## II. EVALUATION CRITERIA AND SCORING

TFCA Regional Fund applications will be reviewed by Air District staff based upon the evaluation and scoring criteria described below. The maximum possible score is 100 points. Applications must achieve a minimum score of 40 points, and a TFCA funding effectiveness of less than \$90,000 per ton of emissions reduced, in order to be considered for funding.

Available Regional Funds will be allocated to projects beginning with the highest ranking project and proceeding in sequence to lower-scoring projects. In the event that two or more projects achieve an equal score, the project with the best TFCA funding effectiveness will receive priority. The Air District will fund as many eligible projects as available funds can fully cover. The point where the next-ranked eligible project cannot be fully funded defines the cut-off point for the funding cycle; i.e., all projects above this point will be funded. Any remaining unallocated funds will be allocated to projects in the subsequent funding cycle. No partial grant awards will be made; however, grant awards may be reduced from the original application request by the mutual consent of the project sponsor and the Air District.

**FY 2005/06 TFCA Regional Fund Scoring Criteria**

<b>Criteria</b>	<b>Maximum Points</b>
1. TFCA Funding Effectiveness	<b>60</b>
2. Other Project Attributes	<b>15</b>
3. Clean Air Policies and Programs	<b>10</b>
4. Disadvantaged Community	<b>10</b>
5. Promote Alternative Transportation Modes	<b>5</b>
<b>Total</b>	<b>100</b>

**■ Criterion #1: TFCA Funding Effectiveness [maximum 60 points]**

This criterion is designed to measure the cost-effectiveness of a project in reducing air pollutant emissions and to encourage projects that contribute funding from other, non-TFCA sources in excess of required matching funds. TFCA funds budgeted for the project (both Regional Funds and County Program Manager Funds combined) will be divided by the estimated lifetime emissions reduction for the project. The estimated lifetime emission reduction is the sum of reactive organic gases (ROG), oxides of nitrogen (NO<sub>x</sub>), and weighted particulate matter<sup>3</sup> (PM<sub>10</sub>) that will be reduced over the life of the project. Air District staff will determine the estimated emission reductions and TFCA funding effectiveness for the project.

The point scale for Criterion #1 is presented below:

**Point Scale for Criterion #1**

TFCA \$/Ton			Points	TFCA \$/Ton			Points
\$0		\$19,999	60	\$66,000	-	\$67,999	36
\$20,000	-	\$21,999	59	\$68,000	-	\$69,999	35
\$22,000	-	\$23,999	58	\$70,000	-	\$71,999	34
\$24,000	-	\$25,999	57	\$72,000	-	\$73,999	33
\$26,000	-	\$27,999	56	\$74,000	-	\$75,999	32
\$28,000	-	\$29,999	55	\$76,000	-	\$77,999	31
\$30,000	-	\$31,999	54	\$78,000	-	\$79,999	30
\$32,000	-	\$33,999	53	\$80,000	-	\$81,999	29
\$34,000	-	\$35,999	52	\$82,000	-	\$83,999	28
\$36,000	-	\$37,999	51	\$84,000	-	\$85,999	27
\$38,000	-	\$39,999	50	\$86,000	-	\$87,999	26
\$40,000	-	\$41,999	49	\$88,000	-	\$89,999	25
\$42,000	-	\$43,999	48	\$90,000	-	and above	0
\$44,000	-	\$45,999	47				
\$46,000	-	\$47,999	46				
\$48,000	-	\$49,999	45				
\$50,000	-	\$51,999	44				
\$52,000	-	\$53,999	43				
\$54,000	-	\$55,999	42				
\$56,000	-	\$57,999	41				
\$58,000	-	\$59,999	40				
\$60,000	-	\$61,999	39				
\$62,000	-	\$63,999	38				
\$64,000	-	\$65,999	37				

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<sup>3</sup> Particulate matter (PM<sub>10</sub>) emissions include tailpipe PM, as well as brake particles, tire particles and re-entrained road dust. Consistent with CARB methodology to calculate PM emission reductions for the Carl Moyer Program, weighted PM emissions will be calculated by adding the tailpipe PM multiplied by a factor of 10, plus the sum of tire, brake, and road dust PM.

**■ Criterion #2: Other Project Attributes [maximum 15 points]**

The purpose of this criterion is to provide a mechanism in the evaluation and scoring process to identify and assess desirable project attributes that are not captured in the analysis of TFCA funding effectiveness. Projects may score points under this criterion based upon other project attributes identified for each project type. The specific project attributes for each project type will be identified after project applications have been received and reviewed.

**■ Criterion #3: Clean Air Policies and Programs [maximum 10 points]**

The purpose of this criterion is to recognize and encourage efforts of public agencies to implement policies and programs that promote the region's air quality objectives, especially land use and transportation policies that help to reduce air pollution from motor vehicles.

To receive points for this criterion, the sponsoring agency must describe its policies and actions to implement the transportation control measures (TCMs) in the most recently adopted strategy(ies) for State and national ozone standards throughout the agency's jurisdiction. Points will be awarded based upon the performance of the project sponsor in implementing those elements of each TCM, which are within the purview of the sponsor agency.

**■ Criterion #4: Disadvantaged Community [maximum 10 points]**

This criterion will award a maximum of 10 points (sliding scale 0-10 points) for projects that directly reduce emissions in economically disadvantaged communities. For purposes of this criterion, economically disadvantaged communities are defined in a report entitled [A Guide to the Bay Area's Most Impoverished Neighborhoods](#), prepared for the Bay Area Partnership by the Northern California Council for the Community. Forty-six disadvantaged communities throughout the Bay Area are identified. To qualify for points, the project must directly benefit one or more of these communities. The project sponsor must 1) identify the census tracts in the disadvantaged community that will benefit from the project, 2) specify the percentage of project resources or services that will be delivered to the identified disadvantaged community, and 3) provide a clear explanation as to how the project directly benefits residents in that community. The number of points awarded will be based upon the percentage of project resources that directly benefit the community and the extent to which the project sponsor demonstrates this benefit.

**■ Criterion 5: Promote Alternative Transportation Modes [maximum 5 points]**

This criterion will award a maximum of 5 points (sliding scale 0-5 points) for projects that promote alternative modes of transportation (e.g., transit, ridesharing, bicycling and walking) and reduce single occupant vehicle trips by the general public: e.g., shuttle services, ridesharing, bicycle facility improvements, and "smart growth" projects. The number of points awarded will be based upon the Air District's estimate of the number of project users or beneficiaries.

### III. GUIDELINES FOR SPECIFIC PROJECT TYPES

This section provides guidelines and tips for each of the major eligible project types. Under each project type, **Basic Eligibility** identifies the applicable policies. **Strengthening Your Application** specifies project characteristics that Air District staff has determined improve cost-effectiveness, based upon experience in administering the TFCA program. The purpose of this information is to assist potential applicants for Regional Funds in identifying the types of projects that are likely to result in cost-effective use of TFCA funds. This information is advisory in nature. The specific cost-effectiveness of each project will be determined on a case-by-case basis.

Please note that there are project types eligible for TFCA funding for which no information is provided under Strengthening Your Application. This is because projects in these categories vary so significantly that there are no general guidelines.

All applicants are strongly encouraged to discuss their projects in advance with the appropriate Air District staff contact (see page 4).

#### Shuttle/Feeder Bus Projects

**Basic Eligibility:** Applications for shuttle/feeder bus projects must meet applicable requirements outlined in TFCA Policies #12 and #34, Appendix A.

**Strengthening Your Application:** Projects with the following characteristics are typically more cost-effective in reducing emissions:

- Shuttle operates during the peak-period only
- Shuttle route serves a large business park or employment hub
- Service is provided using clean fuel, low emission vehicles (natural gas, electric, or hybrid electric). Use of alternative fuel shuttle vehicles is not a requirement, provided that applicant demonstrates compliance with the particulate matter standard as outlined in Policy #34
- At least 50% of the shuttle cost is paid through a non-TFCA funding source (e.g., private sector)

**Application Form:** Complete Parts 1-7, and Supplementary Project Information Sheet, Parts 8 and 9

**Required Information:** Estimated number of trips eliminated, length of trip eliminated, type of shuttle vehicle, and number and length of new trips generated by the project. Provide explanation of data source.

**Project Monitoring:** If project is approved for TFCA funding, sponsor will be required to submit data regarding the number of shuttle trips per day, passengers per day, trip distance eliminated, and type of vehicles used.

**Staff Contact:** Andrea Gordon: 415-749-4940 or [agordon@baaqmd.gov](mailto:agordon@baaqmd.gov)

## Ridesharing; Rail-Bus Integration; Regional Transit Information Projects

**Basic Eligibility:** Applications for ridesharing, rail-bus integration, and regional transit information projects must meet the requirements outlined in TFCA Policies #12 and #19, Appendix A.

**Strengthening Your Application:** Applications should demonstrate a strong potential to shift trips from single occupant vehicles to an alternative mode of transportation in a cost-effective manner. Projects with the following characteristics are typically more cost-effective in reducing emissions:

- **Transit Information:** Project will provide transit information for the nine Bay Area counties
- **Rail-Bus Integration:** Project will facilitate transfers between regional and local transportation systems

**Application Form:** Complete Parts 1-7, and Supplementary Project Information Sheet, Part 8. Applicants for vanpool projects must also complete Part 9.

**Required Information:** Estimated number of trips eliminated, number of riders using the service that were previously driving alone, length of trip eliminated, and number and length of any new vehicle trips generated by the project. For existing projects, use project-specific data. For new projects, use survey data or data from similar existing projects. Explain assumptions and show relevant calculations.

**Project Monitoring:** If the project is approved for TFCA funding, monitoring requirements will be determined based upon the specific nature of the project.

**Staff Contact:** Andrea Gordon: 415-749-4940 or [agordon@baaqmd.gov](mailto:agordon@baaqmd.gov)

## Bicycle Facility Improvements

**Basic Eligibility:** Applications for bicycle facility improvements must meet the requirements outlined in TFCA Policy #35, Appendix A.

**Strengthening Your Application:** Bicycle project applications should demonstrate a strong potential to reduce motor vehicle trips by providing bicycle facilities for commute trips, trips to school, shopping, errands, etc. Applications are encouraged for bicycle projects that will:

- Enhance bicycle access to major activity centers
- Enhance bicycle access to transit stations and transit systems, and
- Close gaps in existing bicycle networks
- Eliminate or mitigate significant safety hazards in the existing road network

Notes: 1) Projects that will be used primarily for recreational bicycle use are not likely to compete successfully for TFCA funds.

2) Off-road bicycle paths typically have higher costs; these projects generally do not score well unless the applicant commits significant matching funds to the project.

**Application Form:** Complete Parts 1-7, and either:

Part 11 for bicycle lanes, bicycle routes or bicycle paths, or

Part 12 for bicycle racks, lockers, or other forms of bicycle storage

**Required Information:** For bicycle lanes, bicycle routes, and bicycle paths, provide data as to the location, length (distance) of project, and average daily volume of motor vehicle traffic (ADT) on the roadway.

For bicycle racks and lockers, provide information as to the quantity, type, and location of racks or lockers, and explanation as to current demand/need for facilities.

**Project Monitoring:** If the project is approved for TFCA funding, pre-project and post-project counts of cyclists may be required for bicycle lanes, routes, and paths. Post-project usage data will be required for bicycle locker and attended bicycle parking.

**Staff Contact:** Joseph Steinberger: 415-749-5018 or [jsteinberger@baaqmd.gov](mailto:jsteinberger@baaqmd.gov)

## Clean Air Vehicle Projects

**Basic Eligibility:** Applications for clean air vehicles must meet the applicable requirements outlined in TFCA Policies #25 through #33, Appendix A.

The TFCA Regional Fund accepts applications for projects to subsidize the incremental cost to purchase clean fuel buses and other low emission vehicles with a gross vehicle weight (GVW) greater than 10,000 lbs. For information about funds available for clean air vehicles with a GVW less than 10,000 lbs, please refer to the Vehicle Incentive Program on page 18.

### **Guidance for complying with TFCA Policy #31, “Heavy-Duty Vehicle Replacement”:**

In accordance with TFCA Policy #31, an applicant must comply with one of the following conditions if they are applying for a new Heavy-Duty Clean Air Vehicle under TFCA Policy #31:

- 1) Replace an “existing similar or equivalent diesel vehicle”<sup>4</sup> within the applicable fleet or within the fleet of the project sponsor, or acquire and scrap an equivalent diesel vehicle from another fleet that operates primarily within the Bay Area;
- 2) Add a CARB-verified diesel emission control strategy (ECS) to an existing similar or equivalent diesel vehicle within the applicable vehicle fleet or within the fleet of the project sponsor.

The vehicle to be scrapped or equipped with an ECS shall be currently registered with the Department of Motor Vehicles as an operable vehicle, shall have been so registered for twenty-four (24) consecutive months within the Bay Area prior to the date of when the vehicle is scrapped, and shall have been operated primarily in the Bay Area.

Documentation of a diesel vehicle being scrapped shall consist of: a) submittal to the Air District of a copy of the DMV Form 42; b) a letter from the vehicle dismantler confirming that the vehicle engine block and chassis have been destroyed; and c) photographs of the destroyed engine block and chassis.

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<sup>4</sup> An “existing similar or equivalent diesel vehicle” is defined as a diesel vehicle that has a similar or equivalent weight classification, similar size chassis, similar size engine, similar amount of mileage use or fuel use, and similar type of vehicle use.

Documentation of a diesel vehicle being retrofitted with an emission control strategy shall consist of: a) a letter from the manufacturer confirming that the ECS was purchased and shipped; b) a letter from the fleet manager confirming the ECS was installed and is compatible with the engine and vehicle type; and c) photographs of the installed ECS device.

Applicants may request TFCA funds to help offset the cost of complying with TFCA Policy #31. Any TFCA funds requested to help comply with this policy will be included in calculating the overall cost-effectiveness of the project.

TFCA funds may be requested to compensate the applicant for any of the following: a) the salvage value of the vehicle(s) that will be scrapped, b) the cost of acquiring from another Bay Area fleet an equivalent vehicle that will be scrapped, or c) the cost to install a CARB-verified ECS. Applicants who request TFCA funds to help offset the cost of complying with Policy #31 must submit documentation to justify the costs for which the applicant is seeking compensation.

The following specifies the maximum amount of TFCA funding that may be requested to help comply with TFCA Policy #31:

- For vehicles weighing **10,001 lbs to 16,000 lbs**, and classified as Class 3 or 4, an applicant may request a maximum of \$3,000 per vehicle to comply with TFCA Policy #31. The requested funds may be used to cover the cost of either option 1 or option 2 outlined above.
- For vehicles weighing **16,001 lbs or greater**, and classified as Class 5 through 8, an applicant may request a maximum of \$8,000 per vehicle. The requested funds may be used to cover the cost of either option 1 or option 2 outlined above.

**Strengthening Your Application:** Buses, medium-duty, and heavy-duty vehicle project applications must identify an engine certified to at least the California Air Resources Board's (CARB) optional reduced-emission NO<sub>x</sub> plus nonmethane hydrocarbon (NMHC) standard for 2004 (1.8 g/bhp-hr). Projects with engines certified to a lower level than 1.8 g/bhp-hr are most cost-effective.

**Application Form:** Applicant must complete a separate application for each type of vehicle requested. Complete Parts 1-7 and Part 13. If satisfying the requirements of Policy #31 by retrofitting an existing equivalent vehicle with the most effective ARB verified diesel emission control strategy, also complete Part 15.

**Required Information:** Vehicle make, model, year, fuel type, engine make and size, gross vehicle weight, NO<sub>x</sub> + NMHC certification level, estimated annual miles, estimated annual fuel use, estimated vehicle life, and estimated engine life. Provide proof of engine NO<sub>x</sub> plus NMHC certification level by submitting either a copy of the information from CARB's website ([www.arb.ca.gov/msprog/moyer/certeng.htm](http://www.arb.ca.gov/msprog/moyer/certeng.htm)) or the CARB executive order. If applying for funds on behalf of a non-public entity, as outlined in TFCA Policy #5, a copy of the contract or agreement between the public agency and non-public entity must be provided.

For clean air vehicle projects satisfying the requirements of Policy #31 by retrofitting an existing equivalent vehicle with the most effective ARB verified diesel emission control strategy, see the section on Retrofits for Existing Engines below.

**Project Monitoring:** Sponsors will be required to submit documentation to show that an equivalent vehicle has been removed from service and destroyed, or that the most effective ARB verified diesel emission control strategy to reduce emissions in the relevant engine has been purchased and installed in accordance with TFCA Policy #32 b) in Appendix A. Some projects involving new technology or unusual configurations will be required to provide up to one year of in-use data (miles traveled, problems encountered, etc.)

**Staff Contact:** Joseph Steinberger: 415-749-5018 or [jsteinberger@baaqmd.gov](mailto:jsteinberger@baaqmd.gov)

## Repowers for Existing Engines

**Basic Eligibility:** Applications for repowers (replacing an old engine with a new engine) must meet the requirements outlined in TFCA Policy #32 a) - see Appendix A.

Vehicles must have a gross vehicle weight (GVW) greater than 10,000 lbs (shuttle vehicles less than 10,000 lbs will be considered).

**Strengthening Your Application:** Repowers to buses, shuttles, and heavy-duty vehicle project applications must identify an engine certified to at least the California Air Resources Board's optional reduced-emission NO<sub>x</sub> plus nonmethane hydrocarbon (NMHC) standard for 2004 (1.8 g/bhp-hr). Projects with new repower engines certified to a lower level than 1.8 g/bhp-hr are most cost-effective.

**Application Form:** Applicant must complete a separate application for each type of vehicle/fuel requested. Complete Parts 1-7 and Part 14.

**Required Information:** For the existing vehicle: number of vehicles, engine make, engine model, engine year, fuel type, estimated vehicle life, gross vehicle weight (GVW) and vehicle identification number (VIN). For the new repower engine: engine make, engine model, engine year, fuel type, NO<sub>x</sub> + NMHC certification level, estimated annual miles, estimated annual fuel use, and estimated vehicle life. Provide proof of new repower engine NO<sub>x</sub> + NMHC certification level from CARB website: ([www.arb.ca.gov/msprog/moyer/certeng.htm](http://www.arb.ca.gov/msprog/moyer/certeng.htm)).

**Project Monitoring:** Sponsors will be required to provide up to one year of in-use data (miles traveled/gallons of fuel used, problems encountered, any changes in power or fuel use, satisfaction with new engine, etc.) Sponsors may also be asked about the disposition of the old engine.

**Staff Contact:** Joseph Steinberger: 415-749-5018 or [jsteinberger@baaqmd.gov](mailto:jsteinberger@baaqmd.gov)

## Retrofits for Existing Engines

**Basic Eligibility:** Applications for retrofits (installing an aftertreatment device on an existing vehicle) must meet the requirements outlined in TFCA Policy #32 b), Appendix A.

Vehicles must have a gross vehicle weight (GVW) greater than 10,000 lbs (shuttle vehicles less than 10,000 lbs may be considered).

**Strengthening Your Application:** Retrofits to buses, shuttles, and heavy-duty vehicle project applications must identify a retrofit device certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine.



**Application Form:** Applicant must complete a separate application for each type of vehicle/retrofit requested. Complete Parts 1-7 and Part 15.

**Required Information:** For the existing vehicle and engine: number of vehicles, engine make, engine model, engine year, fuel type, estimated vehicle life, gross vehicle weight (GVW), vehicle identification number (VIN), estimated annual mileage, and estimated annual fuel use. For each retrofit device: the name of the retrofit device, the certification level (1-3), and the emission reductions. Information about certified retrofit devices is available at: <http://www.arb.ca.gov/diesel/verdev/verdev.htm>. Fuel receipts or other documentation is required to support annual fuel consumption.

**Project Monitoring:** Sponsors will be required to provide up to one year of in-use data (miles traveled/gallons of fuel used, problems encountered, any changes in power or fuel use, satisfaction with new engine, etc.) Sponsors may also be asked about the disposition of the old engine.

**Staff Contact:** Joseph Steinberger: 415-749-5018 or [jsteinberger@baaqmd.gov](mailto:jsteinberger@baaqmd.gov)

## **Smart Growth / Traffic Calming**

**Basic Eligibility:** Applications for smart growth and traffic calming must meet the requirements outlined in TFCA Policy #37, Appendix A.

For Smart Growth projects that include bicycle elements, also see Bicycle Facility Improvements on pages 9-10.

**Strengthening Your Application:** Applications should demonstrate a strong potential to reduce motor vehicle trips by improving mobility via walking, bicycling and transit. Projects with the following characteristics are typically more cost-effective in reducing emissions:

- Project is located along high volume transit corridors
- Project is associated with a multi-modal transit center
- Project supports high-density mixed-use development
- Project will redevelop or infill existing high-density communities
- Project is located near major activity centers such as schools, transit centers, civic or retail centers
- Project is supported by the affected neighborhood community

Street and building beautification projects that are not likely to directly reduce motor vehicle emissions will not compete successfully for TFCA funds.

Site-specific traffic calming projects are eligible to receive TFCA funding only if they are part of an approved area-specific plan,.

**Application Form:** Complete Parts 1-7, and Part 8, Smart Growth / Traffic Calming - Sections A, B and C.

**Required Information:** For each project component, list the number of trips reduced per day, the number of riders benefiting from the project that were previously driving alone, number of days per year, average one-way trip distance, and the source of the estimate. Also, provide data regarding current and projected motor vehicle volumes, transit

ridership, and bicycle and pedestrian counts in the vicinity of the project. Explain source of data.

**Project Monitoring:** Pre-project and post-project monitoring of the motor vehicle volumes, transit ridership, bicycle counts and pedestrian volumes will be required if the project is approved for TFCA funding.

**Staff Contact:** Karen Chi: 415-749-5121 or [kchi@baaqmd.gov](mailto:kchi@baaqmd.gov)

## Arterial Management

**Basic Eligibility:** Applications for arterial management must meet the requirements outlined in TFCA Policy #36, Appendix A.

For arterial management projects that include bicycle elements, also see the section on Bicycle Facility Improvements on pages 9-10. For projects that include pedestrian elements, see the section on Smart Growth / Traffic Calming above.

**Strengthening Your Application:** Arterial management project applications should demonstrate a strong potential to reduce motor vehicle trips by improving transit, bicycling and pedestrian mobility. Applications are encouraged for arterial management projects that will:

- Reduce transit headways and speed transit service
- Promote mode shift from motor vehicles to transit, bicycling or walking
- Incorporate means to reduce delays to transit, bicycles, pedestrians and motor vehicles

*Projects to perform routine maintenance of signal systems are not eligible for TFCA funding.* Projects that increase vehicle speeds above 30 mph and high technology solutions, such as fiber optic installations to interconnect traffic signals, are not likely to compete successfully for TFCA funds.

**Application Form:** Complete Parts 1-7, and either:

Part 10, Sections A, B and C for signal timing projects, or  
Part 10, Section D for rapid bus, transit signal priority projects.

**Required Information:** For rapid bus projects, provide data regarding current and projected number of runs, bus speeds, trip distance and ridership. For signal timing projects provide data regarding length of roadway; and current speeds, predicted speeds, and traffic volumes for each direction and time period that would be modified by the project.

**Project Monitoring:** Pre-project and post-project monitoring of the information noted above in the above paragraph will be required if the project is approved for funding.

**Staff Contact:** Karen Chi: 415-749-5121 or [kchi@baaqmd.gov](mailto:kchi@baaqmd.gov)

## IV. APPLICATION INSTRUCTIONS

### Application Process

This section includes instructions on how to apply for TFCA Regional Funds. There are three ways to obtain a TFCA Regional Fund application form:

- Air District web site: Go to [www.baaqmd.gov](http://www.baaqmd.gov), click on “Grants & Incentives”, then “Trans. Fund for Clean Air”, then “Regional Fund”, then “2005 TFCA Regional Application Form”
- By e-mail request to [grants@baaqmd.gov](mailto:grants@baaqmd.gov)
- By telephone request via the TFCA document request line at (415) 749-4994

Applications must be received at the Air District's offices by **4:00 P.M. on Thursday, June 30, 2005. No extensions of this deadline will be granted.** Applications via e-mail or fax machine will not be accepted.

Submit two hard copies of each application to:

Juan Ortellado  
Grant Programs Manager  
Bay Area Air Quality Management District  
939 Ellis Street  
San Francisco, CA 94109

Hand delivered applications should be brought directly to the Transportation Fund for Clean Air, 7th floor, at the address above.

Applications submitted on or before the June 30, 2005 deadline shall constitute complete submittals. Once submitted, applications cannot be altered or revised without the consent of the Air District. The Air District may request additional information from the project sponsor to clarify an application or to help analyze the emission reduction benefit of the proposed project.

### Instructions

All applicants must complete the FY 05/06 TFCA Regional Fund application form. A separate application form must be submitted for each project. For clean air vehicle projects (school and transit bus projects, and heavy-duty vehicles), separate applications must be completed for each fuel type (i.e., natural gas only, electric vehicles only) and for each of the following categories of vehicles: 1) transit buses; 2) shuttle buses, 3) school buses; 4) heavy-duty vehicles (other than buses), and 5) other vehicle types (e.g., parking enforcement vehicles, small utility vehicles etc.). For example, a project sponsor seeking funding for a medium-duty electric vehicle, a medium-duty shuttle, and a heavy-duty natural gas vehicle will need to submit three separate applications.

Complete Parts 1 through 7 of the application form. In addition, complete the appropriate supplementary information sheet(s) that corresponds to your project type (Parts 8 through 15), as explained below. Applicants may attach additional information as needed.

### **Part 1: Summary Information**

Provide all information requested.

### **Part 2: Project Description**

Provide a concise project description. Explain how the project will help to reduce motor vehicle emissions. Provide all information requested. Attach additional information (e.g., maps and diagrams), as appropriate.

### **Part 3: Implementation Schedule**

Provide a detailed implementation schedule, including project start date, completion date, and key implementation milestones. Your implementation schedule must comply with the TFCA project-readiness policy; see Policy #11 in Appendix A.

### **Part 4: Budget**

Provide a breakdown of the total project budget, including line item detail, if available. The project budget should identify direct project implementation costs, and should also specifically identify any TFCA administrative costs for which the applicant intends to seek reimbursement. See Appendix C for further explanation.

All costs must be identified in the project budget in the original application, as well as in Attachment A of the TFCA Funding Agreement, in order to be eligible for reimbursement. Planning activities that are not directly related to implementation of the project will not be funded. A maximum of five (5) percent of the total TFCA funds expended on a project may be used for TFCA administrative costs (i.e., the costs of administering the TFCA grant).

### **Part 5: Funding**

List the amount of TFCA Regional Funds requested, as well as any TFCA Program Manager Funds allocated to the project. Specify the amount and source of all other project funds. Documentation of matching funds in the form of a resolution, adopted budget, letter of funding commitment, or contract is to be submitted with the application. If this documentation is not available at the time the application is submitted, indicate when it will be provided to the Air District.

### **Part 6: Transportation Control Measure Implementation (Criterion #3)**

To apply for points based upon implementation of the Transportation Control Measures (TCMs) in the *Clean Air Plan* (see Criterion #3 on page 7), complete this section. Check the box for each TCM that your agency is implementing. On the following page, provide a brief paragraph summarizing the policies and actions that your agency has taken to implement each TCM. Submission of TCMs without the requested description will not qualify for points. Provide a description only; Air District staff will notify you if supporting documentation is required.

## Part 7: Project Information

Provide appropriate documentation as noted.

All applications must include a resolution by the governing body of the agency authorizing the submittal of the proposal and identifying the individual authorized to submit and carry out the proposal. The Air District will provide a sample resolution upon request to the TFCA document request line at (415) 749-4994 or via e-mail at [grants@baaqmd.gov](mailto:grants@baaqmd.gov).

## Part 8 through 15: Supplementary Project Information Sheets

Complete and submit the supplementary sheet(s), which corresponds to your project type only.

Project Type	Supplementary Part
Ridesharing projects	Part 8
Shuttle and feeder bus projects*	Part 8 and Part 9
Vanpool projects	Part 8 and Part 9
Regional transit information	Part 8
Rail-bus integration projects	Part 8
Smart growth & traffic calming projects	Part 8
Arterial management projects	Part 10 (Sections A-C)
Transit bus traffic signal prioritization	Part 10 (Section D only)
Bicycle paths, lanes, and routes	Part 11
Bicycle racks and lockers	Part 12
School bus, shuttle bus, and transit bus replacement projects	Part 13
Heavy-duty clean air vehicles greater than 10,000 lbs. GVW	Part 13
Repowers to existing engines	Part 14
Retrofits to existing engines	Part 15

\* Shuttle and feeder bus projects that receive public funding must fulfill obligations established by the Americans with Disabilities Act of 1990 (ADA). Specifically, a person with disabilities must be able to have access to your shuttle/feeder bus service in the same way as a non-disabled person. All vehicles used to provide the shuttle/feeder bus service must be wheelchair accessible, and the service provided to a person with disabilities must be equivalent with the service for the non-disabled. To be equivalent, the service must be consistent in several ways: response time, fares, geographic area of service, and hours and days of service operation.

## V. BAAQMD PROGRAMS TO REDUCE MOTOR VEHICLE EMISSIONS

This table provides a summary of Air District programs to reduce emissions from motor vehicles.

Program	Contact Person	Eligibility	Specifics
Regional Fund Competitive Program	Juan Ortellado 415-749- 5183 jortellado@baaqmd.gov	Public Agencies	Approximately \$10 million available annually. Eligible project types set by statute include: ridesharing, shuttle services, clean air vehicle projects, bicycle facility improvements, arterial management, and smart growth.
County Program Manager Fund	Juan Ortellado 415-749-5183 jortellado@baaqmd.gov	Public Agencies	Funds vary annually and by county, proportional to motor vehicle registrations in the county. Eligible project types include as above for Regional Fund. Funds are allocated by the nine Bay Area County Congestion Management Agencies.
Vehicle Incentive Program (VIP)	Andrea Gordon 415-749-4940 agordon@baaqmd.gov	Public Agencies	Clean air vehicles (electric, hybrid- electric, natural gas) with a GVW of 10,000 lbs. or less. Must be certified to SULEV, or ZEV emission standard: hybrid electric SULEV (\$2000), natural gas or propane SULEV (\$4000), Hwy ZEV (\$5000), City ZEV (\$3000), neighborhood & 3-wheel ZEV (\$1000)
Vehicle Buy Back Program	1-888-690-CASH grants@baaqmd.gov	Individuals	The District pays \$650 to scrap qualifying 1985 or older light-duty vehicles. <b>Voluntary program.</b>
Carl Moyer Program (funded by CARB)	David Burch 415-749-4641 dburch@baaqmd.gov	Public and Non-Public Entities	Funds incremental cost to repower heavy-duty diesel engines with natural gas engines or new diesel engines in specified vehicles and applications.
Lower-Emission School Bus Program (funded by CARB)	Karen Chi 415-749-5121 kchi@baaqmd.gov	Public School Districts	This program has two components: 1) School bus replacement 2) Particulate Matter (PM) retrofit
Other TFCA Programs			
Program	Contact Person	Eligibility	Specifics
Smoking Vehicle Program	1-800-EXHAUST www.baaqmd.gov/exhaust <a href="mailto:exhaust@baaqmd.gov">exhaust@baaqmd.gov</a>	Anyone	Provide the license number, date, time, and place a smoking vehicle is spotted. The District sends a letter to the vehicle owner notifying them of the air quality consequences, warning them of possible citation, and encouraging vehicle repair.
Spare the Air	<a href="http://www.sparetheair.org">www.sparetheair.org</a>	Anyone	Advisories available when ozone and particulate matter is predicted to be at concentrations unhealthy for the general public.

## APPENDIX A

### BOARD-ADOPTED TRANSPORTATION FUND FOR CLEAN AIR (TFCA) POLICIES FOR FY 2005/06

Policies may apply to one or more of the following funds/programs: Program Manager Funds, Regional Funds, and Vehicle Incentive Program (VIP). The funds/programs that each policy applies to are indicated in parentheses following the policy. Please note that many policies have been modified and/or renumbered since last year (FY 2004/05).

#### BASIC ELIGIBILITY

- 1. Reduce Emissions:** A project must result in the reduction of motor vehicle emissions within the Air District's jurisdiction to be considered eligible for TFCA funds. Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for TFCA funds. **(Regional Funds; Program Manager Funds; VIP)**
- 2. TFCA Cost-Effectiveness and Minimum Score:** The Air District Board will not approve any grant application for TFCA Regional Funds for a project that has: a) a TFCA cost- (i.e, funding) effectiveness level equal to or greater than \$90,000 of TFCA funds per ton of total ROG, NO<sub>x</sub>, and weighted PM<sub>10</sub> emissions reduced (\$/ton), b) a score of less than 40 points (out of a possible 100 points) based upon the project evaluation and scoring criteria listed in Section II of the Regional Fund Guidance document. **(Regional Funds)**

The Air District will only approve projects included in County Program Manager expenditure plans that achieve a TFCA cost-effectiveness, on an individual project basis, equal to or less than \$90,000 of TFCA funds per ton of total ROG, NO<sub>x</sub> and weighted PM<sub>10</sub> emissions reduced (\$/ton). The following are excluded from the calculation of TFCA cost-effectiveness: TFCA Program Manager administrative costs, alternative fuel infrastructure projects, light-duty clean air vehicles with a gross vehicle weight (GVW) of 10,000 pounds or less, and TFCA Program Manager funds allocated for the Regional Rideshare Program. **(Program Manager Funds)**

- 3. Viable Project:** Each project application should identify sufficient resources to accomplish the project. Applications that are speculative in nature, or are contingent on the availability of unknown resources or funds, will not be considered for funding. **(Regional Funds; Program Manager Funds; VIP)**
- 4. Responsible Public Agency:** TFCA funds may only be awarded to public agencies. These agencies must be responsible for the implementation of the project and have the authority and capability to complete the project. **(Regional Funds; Program Manager Funds; VIP)**

- 5. Non-Public Entities:** A public agency may apply for TFCA funds for clean air vehicles on behalf of a non-public entity when one or more of the following conditions are met:

- a) the non-public entity will use the vehicle(s) to provide, under permit or contract, an essential public service that would otherwise be provided directly by the public agency (e.g., refuse collection, street-cleaning, school bus service, paratransit services for elderly or disabled people, etc.); or
- b) the non-public entity will use the vehicle(s) to provide to the general public, under permit or contract, transportation demand management services (e.g., vanpools, shuttles to transit stations, door-to-door airport shuttles, taxi services, etc.) or services that provide members of the public with an opportunity to use light-duty clean air vehicles eligible under Policy #28, e.g., through station car projects, car rental services, or car-sharing programs.

As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency must provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s). In those situations where multiple non-public entities are under contract or permit to provide the service described in a) or b) above, the public agency must provide a written policy that demonstrates that the vehicle incentive funds will be offered on an equitable basis to all of the non-public entities which are providing the service. **(Regional Funds; Program Manager Funds; VIP)**

- 6. Consistent with Existing Plans and Programs:** All projects must conform to the types of projects listed in the California Health and Safety Code Section 44241 and the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for State and national ozone standards and, when applicable, with the appropriate Congestion Management Program. **(Regional Funds; Program Manager Funds; VIP)**
- 7. Matching Funds:** The Air District will not enter into a funding agreement for an approved project until all project funding has been approved and secured. For project applications requesting greater than \$150,000 in TFCA Regional Funds, project sponsors must provide matching funds from non-TFCA sources, which equal or exceed 10% of the total project cost. TFCA County Program Manager Funds do not count toward fulfilling the non-TFCA matching funds requirement. Project applications for TFCA Regional Funds of \$150,000 or less may request 100% TFCA funding. **(Regional Funds)**
- 8. Authorizing Resolution:** Regional Fund grant applications must include a signed resolution from the governing board (e.g., City Council, Board of Supervisors, Board of Directors, etc.) or University Chancellor authorizing the submittal of the application and identifying the individual authorized to submit and carry out the project. Applications submitted without an authorizing resolution will be returned to the sponsor and will not be scored if the adopted resolution is not received



within thirty (30) calendar days of the application submittal deadline. **(Regional Funds)**

9. **Minimum Amount:** Only projects requesting \$10,000 or more in TFCA Regional Funds will be considered for funding. **(Regional Funds)**
10. **Maximum Amount:** No single project or competitive funding application may receive more than \$1,500,000 in TFCA Regional Funds in any given fiscal year. This limitation does not include any Program Manager Funds the project sponsor may receive for the project. **(Regional Funds)**
11. **Readiness:** Projects will be considered for funding only if the project will commence in calendar year 2006 or sooner. For purposes of this policy, commence means to order or accept delivery of vehicles or other equipment being purchased as part of the project, to begin delivery of the service or product provided by the project, or to award a construction contract. **(Regional Funds; Program Manager Funds)**
12. **Maximum One Year Operating Costs:** For projects which request operating funds to provide a service, such as ridesharing programs and shuttle and feeder bus projects, the Air District will provide funding on an annual basis: i.e., the Air District will approve funding for one (1) annual budget cycle. Applicants who seek TFCA Regional Funds for additional years must re-apply for funding in the subsequent funding cycle. **(Regional Funds)**
13. **Project Revisions:** If project revisions become necessary, after the project funding agreement is signed, the revised project must be within the same eligible project category and receive a point score higher than the funding cut-off point, based upon the scoring criteria, for the year in which the project was originally approved. Project revisions initiated by the sponsor, which significantly change the project before the allocation of funds by the Air District Board of Directors will not be accepted. **(Regional Funds)**

#### **APPLICANT IN GOOD STANDING**

14. **Monitoring and Reporting:** Project sponsors who have failed to fulfill monitoring and reporting requirements for any previously funded TFCA Regional Fund project will not be considered for new funding for the current funding cycle, and until such time as the unfulfilled obligations are met. **(Regional Funds)**
15. **Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA project may, at the discretion of the Air Pollution Control Officer (APCO), be excluded from future funding. Existing funds already awarded to the agency will not be released until all audit recommendations and remedies have been implemented.

A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the project was not implemented as set forth in the project funding agreement. **(Regional Funds; Program Manager Funds)**

- 16. Signed Funding Agreement:** Project applicants will have to sign a Funding Agreement within three (3) months after it has been transmitted to them by the APCO in order to remain eligible for the granted TFCA funds. The APCO may grant a one-time extension of thirty (30) calendar days to the applicant for just cause. Project applications will not be considered from project sponsors who were awarded TFCA funds in a previous year and have not signed a Funding Agreement with the Air District by the current application deadline. **(Regional Funds)**
- 17. Implementation:** Project sponsors that have a signed Funding Agreement for a prior TFCA project, but have not yet implemented that project by the current application deadline, will not be considered for funding for any new project. The phrase "implemented that project" means that the project has moved beyond initial planning stages and the project is being implemented consistent with the implementation schedule specified in the project funding agreement. **(Regional Funds)**

### **INELIGIBLE PROJECTS**

- 18. Duplication:** Applications for projects which duplicate existing projects, regardless of funding source, will not be considered for funding. Combining Program Manager Funds with TFCA Regional Funds for a single project is not project duplication. Applications requesting TFCA funding for project costs with duplicate funding sources will not be considered for funding. **(Regional Funds; Program Manager Funds; VIP)**
- 19. Employee Subsidy:** Projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor will not be considered for funding. For projects that provide such subsidies, the direct or indirect financial transit or rideshare subsidy must be available, in addition to the employees of the project sponsor, to employees other than those of the project sponsor. **(Regional Funds; Program Manager Funds)**

### **USE OF TFCA FUNDS**

- 20. Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For purposes of calculating TFCA funding effectiveness for TFCA Regional Funds (Evaluation Criterion #2), the 40% County Program Manager Funds will be included in the calculation of the TFCA cost of the project. **(Regional Funds; Program Manager Funds)**
- 21. Cost of Developing Proposals:** The costs of developing proposals for TFCA funding are not eligible to be reimbursed with TFCA funds. **(Regional Funds; Program Manager Funds; VIP)**

- 22. Administrative Costs:** Administrative costs (i.e., the costs associated with administering a TFCA grant) are limited to a maximum of five percent (5%) of total TFCA funds expended on a project. To be eligible for reimbursement, administrative costs must be clearly identified in the Regional Fund project budget, both in the TFCA application and in the project funding agreement. **(Regional Funds)**

Administrative costs for County Program Manager Funds are limited to a maximum of five percent (5%) of the actual Department of Motor Vehicles (DMV) fee revenues that correspond to each county, received in a given year. Interest earned on prior DMV funds received shall not be included in the calculation of the administrative costs. **(Program Manager Funds)**

All reimbursement with TFCA funds of administrative costs (i.e., direct and indirect) must be requested and justified in writing in the project application or expenditure plan, and approved in advance and in writing by the Air District. **(Regional Funds; Program Manager Funds)**

- 23. Expend Funds within Two Years:** Any public agency or entity receiving Regional Funds must expend the funds within two (2) years of the effective date of the Funding Agreement, unless a longer period is formally (i.e., in writing) approved in advance by the Air District. In the case of the Program Manager Funds, the funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the Program Manager in the applicable fiscal year, unless a longer period is formally (i.e., in writing) approved in advance by the Program Manager. Program Managers may approve no more than two (2) one (1)-year schedule extensions for a project. A third schedule extension for a project can only be given if written approval is received by the Program Manager from the Air District. **(Regional Funds; Program Manager Funds)**

- 24. Returned Funds:** TFCA returned funds accrue to the TFCA Regional Fund and will be allocated to new TFCA Regional Fund projects during the next funding cycle. TFCA returned funds consist of a) TFCA Regional Funds allocated to projects that are completed under budget, cancelled, or awarded an amount less than the Board approved allocation; b) any unallocated TFCA Regional Funds from the prior year funding cycle; or c) TFCA County Program Manager funds that are returned to the Air District. **(Regional Funds)**

## **CLEAN AIR VEHICLE (CAV) PROJECTS**

- 25. Clean Air Vehicle Infrastructure:** The TFCA Regional Fund will fund infrastructure to support fuel cell vehicles. The infrastructure must be accessible, to the extent feasible, to other public agencies, private fleets, and the general public.

The TFCA Program Manager Funds may be used for infrastructure to support electric vehicles recharging for transit agencies, natural gas vehicles and fuel cell vehicles. The infrastructure must be accessible, to the extent feasible, to other public agencies, private fleets, and the general public. **(Regional Funds; Program Manager Fund)**

- 26. Clean Air Vehicle Weights:** For TFCA purposes, light-duty vehicles are those 10,000 pounds gross vehicle weight (GVW) or lighter. Heavy-duty vehicles are those 10,001 pounds GVW or heavier. **(Regional Funds; Program Manager Funds; VIP)**
- 27. Light-Duty CAV Eligibility:** All light-duty chassis-certified vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards are eligible for TFCA funding. Gasoline and diesel vehicles are not eligible for TFCA funding. Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are eligible for TFCA funding. **(Program Manager Funds; VIP)**
- 28. Light-Duty CAV Funding Participation:** For light-duty clean air vehicle projects for passenger cars, pick-up trucks, and vans, project sponsors may receive no more than the following funding incentive amounts:

Emission Rating	Vehicle Type	Incentive Amount
SULEV	Hybrid electric	\$2,000
SULEV	Natural gas / propane	\$4,000
ZEV	Highway battery electric	\$5,000
ZEV	City battery electric	\$3,000
ZEV	Neighborhood battery electric	\$1,000
ZEV	3-wheel battery electric	\$1,000

These incentive amounts above will be pro-rated for leased vehicles in those cases where the vehicle is available for purchase. The incentive amounts for partial zero emission vehicles (PZEV) and advanced technology-partial zero emission vehicles (AT-PZEV) are the same as for SULEV-rated vehicles. **(Program Manager Funds; VIP)**

- 29. New Heavy-Duty CAV Eligibility:** To be eligible for TFCA funding, the engines of all new heavy-duty vehicles must be certified to CARB's optional reduced-emission NO<sub>x</sub> plus non-methane hydrocarbon (NMHC) standard for 2004 (1.8 g/bhp-hr), or lower. Emission reductions for heavy-duty engine projects will be calculated by comparing the CARB certification level for the engine to the CARB emission standard or regulation that applies for the particular fleet or vehicle. To qualify for TFCA funding, the project must provide emission reductions beyond the requirements of the applicable CARB standard or regulation. **(Regional Funds; Program Manager Funds)**

**30. Heavy-Duty CAV Funding Participation:** For heavy-duty clean air vehicle projects, project sponsors may receive no more than the incremental cost of the new cleaner vehicle. Incremental cost is the difference in the purchase prices of the new clean air vehicle and its new diesel counterpart. However, public transit agencies, which have elected to pursue the “alternative fuel” path under CARB’s urban transit bus regulation, may continue to apply for up to \$150,000 per alternative-fuel transit bus (30ft. or bigger). **(Regional Funds; Program Manager Funds)**

**31. Heavy-Duty Vehicle Replacement:** Sponsors of heavy-duty vehicles purchased with TFCA funds must either:

- a) replace an existing similar or equivalent registered and operational diesel vehicle within the applicable vehicle fleet, or acquire and scrap an equivalent registered and operational vehicle from another fleet within the Bay Area. The vehicle being replaced must be removed from service and destroyed (i.e., destruction of the engine block and frame/chassis), or
- b) add a diesel emission control strategy to an existing similar or equivalent registered and operational vehicle within the applicable vehicle fleet or within the fleet of the project sponsor. The control strategy must be certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine. This option requires the use of ultra-low-sulfur diesel.

Applicants may request TFCA funds, pursuant to guidelines developed by Air District staff, to offset the cost of complying with this policy. If the applicant requests TFCA funds to cover these costs, the funds will be included in calculating the TFCA cost-effectiveness of the project application.

Note: a “registered and operational vehicle” is a vehicle that has been registered with the California Department of Vehicles as an operational vehicle within the jurisdiction of the Air District for at least two (2) years prior to the application date.

**(Regional Funds; Program Manager Funds)**

**32. Reducing Emissions from Existing Heavy-Duty Diesel Engines:**

Options available to reduce emissions from existing heavy-duty diesel engines include:

- a) Repowers – To be eligible for TFCA funding, the new engine selected to repower an existing heavy-duty vehicle must reduce NOx emissions by at least 15% compared to the existing engine that will be replaced
- b) Diesel Emission Control Strategies – Diesel emission control strategies compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:
  - 1) All control strategies must be certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine.

- 2) The use of ultra-low sulfur diesel (15 ppm sulfur, or less) is required in conjunction with all control strategies.
  - 3) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the control strategy.
  - 4) Diesel emissions control strategies must meet the applicable CARB standard for NO<sub>2</sub> emissions when the standard is put into effect and strategies are available that meet the standard.
  - 5) The project sponsor must install the highest level (most effective) diesel emission control strategy that is verified by CARB for the specific engine and which can be used without jeopardizing the original engine warranty in effect at the time of application.
- c) Clean Fuels or Additives – Clean fuels or additives compatible with existing heavy-duty engines are eligible for TFCA funding, subject to the conditions described below:
- 1) All clean fuels or additives must be certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine.
  - 2) Ultra-low-sulfur diesel is not eligible for funding.
  - 3) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.

**(Regional Funds; Program Manager Funds)**

- 33. Bus Replacements:** For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than fifteen (15) persons including the driver. A vehicle designed, used, or maintained for carrying more than ten (10) persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus. **(Regional Funds; Program Manager Funds)**

**SHUTTLE/FEEDER BUS SERVICE PROJECTS**

- 34. Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The route must go to or from a rail station, airport, or ferry terminal, and the project must:
- a) Be submitted by a public transit agency; or
  - b) Be accompanied by documentation from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

All shuttle/feeder bus service to rail or ferry stations must be timed to meet the rail or ferry lines being served.

Independent (non-transit agency) shuttle/feeder bus projects that received TFCA funding prior to FY 2002/03 and obtained a letter of support from all potentially affected transit agencies need not comply with “b” above unless funding is requested for a new or modified shuttle/feeder bus route.

All vehicles used in any shuttle/feeder bus service must meet the applicable CARB particulate matter (PM) standards for public transit fleets. For the purposes of TFCA funding, shuttle projects comply with these standards by using one of the following types of shuttle/feeder bus vehicles:

- a) an alternate fuel vehicle (CNG, LNG, propane, electric);
- b) a hybrid-electric vehicle;
- c) a post-1994 diesel vehicle and a diesel emission control strategy certified or verified by CARB to reduce emissions and approved by CARB for use with the relevant engine (this option requires the use of ultra-low-sulfur diesel);  
or
- d) a post-1989 gasoline-fueled vehicle.

No other types of vehicles, except for those listed in a through d above, are eligible for funding as shuttle/feeder bus service projects.

**(Regional Funds; Program Manager Funds)**

## **BICYCLE PROJECTS**

- 35. Bicycle Projects:** Bicycle facility improvement projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. For purposes of this policy, if there is no adopted countywide bicycle plan, the project must be in the county’s CMP, or the responsible Congestion Management Agency must provide written intent to include the project in the next update of the CMP. Eligible bicycle projects are limited to the following types of bicycle improvement facilities for public use: a) new Class 1 bicycle paths; b) new Class 2 bicycle lanes (or widening of outside lanes to accommodate bicycles); c) new Class 3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) bicycle lockers; f) attended bicycle storage facilities; and g) development of a region-wide web-based bicycle trip planning system. All bicycle facility improvement projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual. **(Regional Funds; Program Manager Funds)**

## **ARTERIAL MANAGEMENT PROJECTS**

- 36. Arterial Management:** Arterial management projects must specifically identify a given arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funding. Incident management projects are eligible to receive TFCA funding. Transit improvement projects are limited to transit bus priority and bus stop relocation projects. For signal timing

projects, TFCA funds may only be used for arterial management projects where the affected arterial has an average daily traffic volume of 20,000 or more, or an average peak hour traffic volume of 2,000 or more. **(Regional Funds; Program Manager Funds)**

## **SMART GROWTH PROJECTS**

- 37. Smart Growth/Traffic Calming:** Physical improvements that support development projects and/or calm traffic, resulting in the achievement of motor vehicle emission reductions, are eligible for TFCA funds subject to the following conditions: a) the development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more transportation control measures (TCMs) in the most recently adopted strategy(ies) for State and national ozone standards throughout the agency's jurisdiction. Pedestrian projects are eligible to receive TFCA funding. Traffic calming projects are limited to physical improvements that reduce vehicular speed by design. Improvements that rely only on driving behavior modification are not eligible for funding. **(Regional Funds; Program Manager Funds)**



## APPENDIX B

### **Other Project Attributes for Evaluation Criterion #2** *Maximum 15 points total per Category*

*Note: This list may be revised by Air District staff after project applications have been received and reviewed.*

#### **Shuttle/Feeder Bus Projects:**

- a) Project utilizes alternative fuel vehicle (CNG, LNG, propane, electric).
- b) Project sponsor is a first-time TFCA shuttle/feeder bus project applicant.
- c) Project will receive at least 50% of funding from another (non-TFCA) funding source.
- d) The shuttle or feeder bus will provide links to multiple employment sites.

#### **Bicycle Projects:**

- a) Project improves access to a transit system or to transit terminals.
- b) Project improves access to activity centers (e.g. business parks, schools or colleges, retail districts) within 0.25 miles of facility.
- c) Project closes a key gap between existing segments of an eligible bicycle facility, or overcomes a key barrier in the local or regional bicycle network.
- d) Project enhances safety, or eliminates a serious hazard, for bicyclists.
- e) Project is included in the regional bicycle network identified in the Metropolitan Transportation Commission's adopted Regional Bicycle Plan.

#### **Smart Growth Projects:**

- a) Project is located along a high-volume transit corridor or associated with a multi-modal transit center.
- b) Project supports a Transportation for Livable Communities (TLC) project or a Safe Routes to School project. TLC projects can be viewed at the Metropolitan Transportation Commission's website at:  
[http://www.mtc.ca.gov/planning/smart\\_growth/tlc\\_grants.htm](http://www.mtc.ca.gov/planning/smart_growth/tlc_grants.htm).
- c) Project will improve access to a new high-density mixed-use development, or to a redevelopment or infill project in an existing high-density community.
- d) Project will increase walking, bicycling and transit use (all three modes).
- e) Project incorporates traffic-calming measures or devices.

**Arterial Management Projects:**

- a) Project provides for transit bus traffic signal prioritization.
- b) Project incorporates amenities that increase transit ridership: e.g., bus bulbs, next bus arrival information, queue jump lanes (short stretches that enable buses to bypass waiting queues of traffic), etc.
- c) Faster transit service (i.e., increased bus speeds and shorter headways) resulting from the project will be coordinated with schedules for other transit services.
- d) Project incorporates arterial traffic calming measures or devices, or measures to enhance bicycle and pedestrian access and safety.

**Clean Air Vehicle Projects:**

- a) Project reduces exposure of sensitive populations (i.e. children, elderly, people with lung problems) to diesel exhaust. (Applicant must provide a map that identifies locations of sensitive populations such as schools, hospitals, and similar sites.)
- b) Project demonstrates viability of new advanced clean vehicle technology (e.g. fuel cells, natural gas hybrids, auxiliary power units).
- c) Project sponsor will remove and destroy heavy-duty diesel vehicles (TFCA Policy #32, option 32a) rather than adding a diesel emission control strategy (TFCA Policy #32, option 32b).
- d) Project expands access to alternative fuel infrastructure network. (Points will be awarded based on project's contribution to enhancing the network of publicly-accessible alternative fuel infrastructure.)
- e) Project uses an alternative fuel vehicle (thus reducing use of diesel or gasoline).

**Ridesharing; Rail-Bus Integration; Regional Transit Information Projects:**

- a) Project provides multi-modal transfers between public transit systems (e.g., buses, ferries, rail, airlines) at transfer points.
- b) Project will improve schedule coordination between transit systems.
- c) Project will increase ridership on rail, buses line and ferries by providing transfers or passes for these modes.
- d) Project will provide a financial incentive to participants to try an alternative mode of transportation (e.g. transit, carpool, vanpool).

## **APPENDIX C**

### **GUIDELINES FOR ELIGIBLE TFCA REIMBURSABLE COSTS**

The Transportation Fund for Clean Air (TFCA) enabling legislation allows the vehicle registration fees collected for the TFCA program to be used for Project Implementation Costs, as well as Administrative Project Costs related to implementation of the project. Both Project Implementation Costs and Administrative Project Costs may both be further divided into Direct and Indirect Costs. This appendix provides guidance differentiating Direct and Indirect Project Implementation Costs from Direct and Indirect Administrative Costs, as well as guidance on reporting and calculating these costs. The Air District will use the definitions and interpretations discussed below in the financial accounting of the TFCA program. The Air District conducts periodic audits on TFCA-funded projects to ensure that the TFCA funds have been spent in accordance with the guidelines established in this appendix.

Although allowed, many project sponsors choose not to charge any Administrative Project Costs to the TFCA program. Project sponsors that choose to charge Administrative Project Costs must comply with Health and Safety Code Section 44233 as interpreted in this appendix and Policy #22 in this guidance document. The Health and Safety Code states that not more than five percent (5%) of the TFCA funds distributed by the Air District can be used for Administrative Project Costs.

#### **PROJECT IMPLEMENTATION COSTS**

Project Implementation Costs are charges associated with carrying out the substance of a TFCA-funded project and can encompass both Direct and Indirect Costs.

##### **DIRECT PROJECT IMPLEMENTATION COSTS**

Direct Project Implementation Costs include the following:

- Documented hourly labor charges (salaries, wages, and benefits) directly and solely related to implementation of the TFCA project,
- Capital costs,
- Capital equipment installation costs,
- Equipment maintenance costs,
- Shuttle driver labor costs,
- Labor costs related to capital purchases,
- Operator or personnel training directly related to project implementation,
- Contractor labor charges related to the TFCA project, and
- Overhead costs associated with the previously mentioned costs.

The Direct Project Implementation Costs that are approved by the Air District will be outlined in Attachment A of the Funding Agreement. The project sponsor may seek reimbursement for these costs by providing proper documentation with project invoices. Such documentation must show how the Direct Project Implementation Costs were accrued, for example, by listing the date when the hours were accrued, employees' job titles, employees' hourly pay rates,

hours worked, tasks being charged, and total charges. Documentation of hourly charges may be provided with time sheets or any other generally accepted accounting method to allocate and document staff time.

TFCA funds may be used to pay for travel and training costs only if these costs are directly related to the implementation of the TFCA-funded project. For example, the cost of training mechanics to service natural gas clean air vehicles is an allowable Direct Project Implementation Cost.

### **INDIRECT PROJECT IMPLEMENTATION COSTS**

Indirect Project Implementation Costs are the reasonable overhead costs incurred to provide a physical place of work and other general support services and oversight related to the implementation of the TFCA-funded project. Indirect Project Implementation Costs associated with implementing the project might include rent, utilities, office supplies, computer, payroll, reproduction, mailroom support staff, and management oversight. Although the Health and Safety Code is silent on the issue of Indirect Project Implementation Costs, the Air District will reimburse project sponsors for these costs provided the project sponsor requests and justifies the reimbursement in the grant application (Regional Fund) or expenditure program (Program Manager Fund). District guidance on calculating Indirect Project Implementation Costs are provided in the last section of this appendix. A project sponsor may choose not to charge any Indirect Project Implementation Costs to a TFCA project. The accounting methods used by many public agencies do not include identification of Indirect Project Implementation Costs or the application of an indirect cost rate. The agency may determine that it would not be worth the effort to change their system.

### **ADMINISTRATIVE PROJECT COSTS**

Administrative Project Costs are defined as costs associated with the administration of a TFCA project, and do not include project capital nor operating costs, discussed above. The combined Direct and Indirect Administrative Project Costs that are reimbursable to a project sponsor are limited to a maximum of five percent (5%) of the total TFCA funds received annually. For Program Managers, the interest earned on prior DMV funds received shall not be included in the calculation of the Administrative Project Costs.

All reimbursement of both Direct and Indirect Administrative Project Costs must be requested and justified in writing in the project application (Regional Funds) or expenditure plan (Program Manager Funds). If Administrative Project Costs are approved by the Air District, they will be identified in Attachment A of the Funding Agreement. The project sponsor may seek reimbursement for Direct and Indirect Administrative Project Costs by providing proper documentation with project invoices. Documentation for Direct Administrative Project Costs will show how these costs were accrued by listing the date when the hours were accrued, employees' job titles, employees' hourly pay rates, hours worked, tasks being charged, and total charges. Documentation of hourly charges may be provided with time sheets or any other generally accepted accounting method to allocate and document staff time. The District recommends that documentation of Indirect Administrative Project Costs use the methodology provided at the end of this appendix.

Administrative Project Costs are limited to the following:

- Direct and indirect costs associated with entering into a TFCA Funding Agreement, including documented hourly labor and overhead costs (salaries, wages, and benefits) to review and sign the Funding Agreement. Hourly labor charges must be expressed on the basis of hours worked on the TFCA project. Note that costs incurred in the preparation of a TFCA application are not eligible for reimbursement;
- Accounting for TFCA funds; and
- Fulfilling all monitoring, reporting, and record-keeping requirements specified in the TFCA Funding Agreement, including the preparation of quarterly reports, invoices, and final reports.

## REPORTING AND CALCULATING DIRECT AND INDIRECT PROJECT COSTS

The following methodology is recommended to determine Direct and Indirect Costs for both Project Implementation and Administrative Project Costs. In general, when expenses are shared among programs or functions within an organization, they are defined as Indirect Costs. Because Indirect Costs are shared among TFCA and other programs in an organization, they cannot be charged to TFCA in full. The project sponsor must determine the proportion of Indirect Costs that each program should bear. The Air District relies on OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* for determining appropriate Indirect Costs for TFCA projects. The Air District uses the following definition, consistent with the Circular: *Indirect costs are the reasonable overhead costs incurred in providing a physical place of work and in performing general support services and oversight. Examples include rent, utilities, office supplies, computer, payroll, reproduction, mailroom support staff, and management oversight.*

The District recommends that the Indirect Costs for a TFCA project be estimated based on actual indirect cost rates from the most recent fiscal audit of the agency. The following method is recommended:

1. For the most recent fiscal audit of the agency, identify all of the activities carried on by the project sponsor, and their costs.
2. Classify the activities as Project Implementation Costs or Administrative Project Costs, using the definitions provided above.
3. Classify the TFCA Implementation and Administrative activities and estimate their costs as Direct or Indirect Costs. Refer to OMB Circular A-87 for assistance.
4. Direct Project Implementation Costs may be charged to the Air District as line items in project invoices. Note that these costs must be documented as explained above.
5. Direct Administrative Project Costs may be charged to the Air District as line items in project invoices. Note that these costs must be approved in advance by the Air District, must be documented as explained above, and when combined with Indirect Administrative Project Costs, as calculated in 7b below, may not exceed the five percent (5%) cap.
6. Indirect Project Implementation Costs and Indirect Administrative Project Costs may be charged to the Air District as separate line items in project invoices by multiplying the indirect cost rate(s) calculated below by the Direct Project Implementation Costs and the Direct Administrative Project Costs.

7. Indirect Project Implementation Costs and Indirect Administrative Project Costs may be determined using the following method. This method assumes that the ratio of the Indirect Costs to total personnel expenses for all of an agency's activities is the same as for implementation of the TFCA project(s) by that agency. The most recent agency financial audit should be used as the source of costs in calculating the indirect cost rate(s) below. The indirect cost rate(s) based on costs in the most recent audit are applied to the Direct Project Implementation Costs and Direct Administrative Project Costs to calculate the Indirect Project Implementation Costs and Indirect Administrative Project Costs.

- a. The Indirect Project Implementation Costs and Indirect Administrative Project Costs rates may be calculated separately or the same rate may be used for both costs using costs from an agency's most recent financial audit and the following methodology:

Step1 - Remove from the agency's total Indirect Costs any capital purchases or other unallowable costs. Unallowable costs include functions unrelated to the implementation of projects.

Step 2 - Calculate the agency's Direct Cost base as the total personnel expenses (all agency functions or programs) minus indirect personnel expenses (support functions or programs, unallowable personnel costs). Personnel expenses include salaries, wages, and benefits.

Step 3 - Divide the total remaining Indirect Costs by the Direct Cost base.

$$\text{Indirect Cost Rate} = \frac{(\text{Total Indirect Costs} - \text{Capital Purchases, External Contracts, and Unallowable Costs})}{(\text{Total Personnel Expenses} - \text{Indirect Personnel Expenses})}$$

- b. The TFCA Direct Project Implementation Costs and Direct Administrative Project Costs multiplied by the Indirect Cost rates will equal the amount of Indirect Costs recoverable as part of the TFCA Project Implementation Costs and Administrative Project Costs. Both the Indirect Project Implementation Costs and Indirect Administrative Project Costs may be charged to the Air District as line items in project invoices.

$$\text{Indirect Costs Recoverable From TFCA} = \text{TFCA Direct Costs} \times \text{Indirect Cost Rate (or Project Direct Costs)}$$